

**BLACK MOUNTAIN HOME FOR
CHILDREN, YOUTH & FAMILIES, INC.**

INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020



CORLISS &
SOLOMON
PLLC

CERTIFIED PUBLIC ACCOUNTANTS

**Black Mountain Home for
Children, Youth & Families, Inc.**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Black Mountain Home for Children, Youth & Families, Inc.
Black Mountain, North Carolina

We have audited the accompanying financial statements of Black Mountain Home for Children, Youth & Families, Inc., which comprise the statement of financial position as of June 30, 2020, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Black Mountain Home for Children, Youth & Families, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedule of thrift store and café activities is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Black Mountain Home for Children, Youth & Families, Inc.'s 2019 financial statements, and our report dated December 2, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Carliss & Solomon, PLLC

Asheville, North Carolina

December 2, 2020

**Black Mountain Home for
Children, Youth & Families, Inc.**
Statement of Financial Position

Year Ended June 30, 2020

(With summarized comparative totals as of June 30, 2019)

	2020	2019
<u>Assets</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 3,005,872	\$ 2,942,225
Prepaid Expenses	11,910	29,820
Contributions Receivable, Current	71,750	75,500
Accounts Receivable	205,926	249,100
Inventory	169,967	31,748
Total Current Assets	3,465,425	3,328,393
<u>Long-Term Assets</u>		
Contributions Receivable, Long-Term Net	51,000	112,500
Investment Property - Held for Sale	41,425	41,425
Investments	8,736,039	8,885,290
Property and Equipment, Net	8,571,902	7,343,014
Total Long-Term Assets	17,400,366	16,382,229
Total Assets	\$ 20,865,791	\$ 19,710,622
<u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 118,247	\$ 143,295
Accrued Vacation	73,512	59,817
Student Deposits	3,415	5,853
Note Payable (PPP Loan)	646,900	-
Total Current Liabilities	842,074	208,965
<u>Net Assets</u>		
Without Donor Restrictions	18,102,040	17,190,403
With Donor Restrictions	1,921,677	2,311,254
Total Net Assets	20,023,717	19,501,657
Total Liabilities and Net Assets	\$ 20,865,791	\$ 19,710,622

The accompanying notes are an integral part of these financial statements.

**Black Mountain Home for
Children, Youth & Families, Inc.**

Statement of Activities

Year Ended June 30, 2020

(With summarized comparative totals for the prior year)

	Without Donor Restrictions	With Donor Restrictions	Total 2020	Total 2019
<u>Support and Revenue</u>				
Contributions and Bequests	\$ 1,180,353	\$ 218,993	\$ 1,399,346	\$ 1,403,291
Presbytery and Churches	84,693	-	84,693	122,371
Foundation Grants	200,264	12,300	212,564	240,500
Fundraising Events	55,952	-	55,952	105,466
Subtotal Contributions and Events	1,521,262	231,293	1,752,555	1,871,628
Government Contracts and Grants	2,402,340	-	2,402,340	2,827,553
Thrift Store Revenue	314,285	-	314,285	-
Café Gross Profit	36,680	-	36,680	-
Donations for West Campus	47,180	-	47,180	52,960
Other Income	11,591	-	11,591	7,374
In-Kind Contributions	199,602	-	199,602	66,129
Net Assets Released From Restriction	697,886	(697,886)	-	-
Total Support and Revenue	5,230,826	(466,593)	4,764,233	4,825,644
<u>Expenses</u>				
Program Services	4,003,401	-	4,003,401	3,523,895
Management and General	1,086,821	-	1,086,821	760,551
Fundraising	348,090	-	348,090	334,625
Total Expenses	5,438,312	-	5,438,312	4,619,071
Change in Net Assets Before Other Changes in Net Assets	(207,486)	(466,593)	(674,079)	206,573
<u>Other Changes in Net Assets</u>				
Donated Property and Equipment	1,149,671	-	1,149,671	-
Interest and Investment Income, (Net of Fees)	(30,548)	77,016	46,468	518,354
Gain on Sale of Land Held for Investment	-	-	-	23,373
Subtotal Other Changes in Net Assets	1,119,123	77,016	1,196,139	541,727
Total Changes in Net Assets	911,637	(389,577)	522,060	748,300
Net Assets, Beginning of Year	17,190,403	2,311,254	19,501,657	18,753,357
Total Net Assets, End of Year	\$ 18,102,040	\$ 1,921,677	\$ 20,023,717	\$ 19,501,657

The accompanying notes are an integral part of these financial statements.

**Black Mountain Home for
Children, Youth & Families, Inc.**
Statement of Functional Expenses

Year Ended June 30, 2020

(With summarized comparative totals from the prior year)

	Program	Management and General	Fundraising	Total 2020	Total 2019
Salaries	\$ 1,540,379	\$ 443,290	\$ 205,674	\$ 2,189,343	\$ 1,987,473
Payroll Taxes	117,252	30,129	14,133	161,514	147,483
Employee Benefits	493,146	100,456	28,678	622,280	537,155
Retirement Expense	115,173	37,414	13,082	165,669	144,219
Total Personnel Expenses	2,265,950	611,289	261,567	3,138,806	2,816,330
Advertising and Promotion	5,785	9,317	10,778	25,880	29,640
Contract Services	120,194	17,460	19,659	157,313	140,336
Educational Expense	12,669	-	-	12,669	10,441
Event Expense	1,209	-	1,767	2,976	19,762
Foster Care Payments	239,480	-	-	239,480	281,980
Insurance	63,169	7,268	-	70,437	63,974
Leases	6,007	6	-	6,013	6,000
License and Dues	3,051	10,390	325	13,766	7,739
Meetings and Seminars	7,479	1,194	940	9,613	10,399
Miscellaneous	6,975	11,728	-	18,703	12,945
Office Equipment	4,889	2,166	-	7,055	6,916
Offices Supplies	20,819	18,919	7,209	46,947	36,101
Postage	1,213	3,147	9,545	13,905	24,305
Printing	417	11	26,687	27,115	32,123
Professional Development	93	100	-	193	1,525
Professional Fees and Services	19,559	9,630	-	29,189	16,460
Property Taxes	133	304	-	437	382
Recreational Expense	83,520	1,355	26	84,901	150,100
Repairs and Maintenance	221,263	30,076	786	252,125	163,163
Resident Supplies	57,564	467	1,011	59,042	60,602
Telephone	64,208	6,693	33	70,934	64,127
Travel and Entertainment	76,323	4,200	796	81,319	93,613
Utilities	134,898	23,603	-	158,501	165,953
Subtotal Expenses	3,416,867	769,323	341,129	4,527,319	4,214,916
Thrift Store Expense	123,322	163,473	-	286,795	-
Café Expenses	46,486	82,641	-	129,127	-
Depreciation Expense	355,343	71,384	6,961	433,688	376,274
In Kind Expenses	61,383	-	-	61,383	27,881
Total Expenses	<u>\$ 4,003,401</u>	<u>\$ 1,086,821</u>	<u>\$ 348,090</u>	<u>\$ 5,438,312</u>	<u>\$ 4,619,071</u>

The accompanying notes are an integral part of these financial statements.

**Black Mountain Home for
Children, Youth & Families, Inc.**

Statement of Cash Flows

Year Ended June 30, 2020

(With summarized comparative totals from the prior year)

	2020	2019
<u>Cash Flows from Operating Activities</u>		
Change in Net Assets	\$ 522,060	\$ 748,300
Adjustments to Reconcile Change in Net Assets to Net Cash Provided or (Used) by Operating Activities:		
Depreciation	433,688	376,274
Donated Property and Equipment	(1,149,671)	-
Donated Inventory	(138,219)	(38,248)
Gain on Sale of Land Held for Investment	-	(23,373)
Investment Income, Net of Fees	(12,690)	(518,354)
 (Increase)/Decrease in Operating Assets		
Prepaid Expenses	17,910	(23,820)
Bequest Receivable	-	100,000
Contributions Receivable	65,250	(22,080)
Accounts Receivable	43,174	10,695
 Increase/(Decrease) in Operating Liabilities		
Accounts Payable	(25,048)	77,183
Accrued Vacation	13,695	2,477
Student Deposits	(2,438)	640
Total Cash Provided/(Used) by Operating Activities	(232,289)	689,694
 <u>Cash Flows from Investing Activities</u>		
Sale/(Purchase) of Investments, Net	161,941	749,165
Purchase of Property and Equipment	(512,905)	(1,932,245)
Investment Property - Sale of Land	-	93,103
Total Cash Used by Investing Activities	(350,964)	(1,089,977)
 <u>Cash Flows from Financing Activities</u>		
Proceeds from Note Payable (PPP Loan)	646,900	-
Total Cash Provided by Financing Activities	646,900	-
 Net Change in Cash and Cash Equivalents	63,647	(400,283)
Cash and Cash Equivalents, Beginning of Year	2,942,225	3,342,508
Cash and Cash Equivalents, End of Year	\$ 3,005,872	\$ 2,942,225

The accompanying notes are an integral part of these financial statements.

**Black Mountain Home for
Children, Youth & Families, Inc.**
Notes to Financial Statements

Year Ended June 30, 2020

1. Description of the Organization, Corporate and Tax-Exempt Status

Begun in 1904 as an orphanage, Black Mountain Home for Children, Youth & Families, Inc. (Black Mountain Home) currently serves children from birth through college graduation who are orphaned or cannot remain with their families due to issues such as abuse, abandonment, or neglect. The ministry's four primary programs are family foster care, residential care, transitional living, and independent living. Black Mountain Home accepts children placed by the North Carolina Department of Social Services, but is not managed, owned, or governed by the State of North Carolina, except as laws are applicable. Black Mountain Home also accepts a limited number of private placements, seeking to support families before their situations become dire. Black Mountain Home's mission is to glorify God by caring for children and families. We consider our children to be at-promise rather than at risk and strive to help them discover that promise.

Black Mountain Home is a not-for-profit corporation under the laws of the State of North Carolina and has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code. Contributions to the organization qualify for the charitable contribution deduction under Section 170(b)(1)(a). The organization is classified as a publicly supported organization under Section 509(a)(1).

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which require an organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Primary Funding

The organization is funded by foundation and governmental grants and by contributions from the public.

Cash and Cash Equivalents

For purposes of reporting on the statement of cash flows, Black Mountain Home considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

Financial assets that potentially subject the organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

Investments

Investments are reported at fair value on the statement of financial position with realized and unrealized gains and losses reflected on the statement of activities.

Fair Value Measurements

In accordance with U.S. GAAP, Black Mountain Home follows "Fair Value Measurements." This standard establishes a single definition of fair value and a framework for measuring fair value in financial statements under U.S. GAAP. Fair value is defined as "the price that would be received to sell an asset in an orderly transaction between market participants at an agreed upon measurement date. That is, fair value is based on an exit price, which may differ from the price paid to acquire the asset. If there is a principal market for the asset, fair value represents the price in that market." Financial assets carried at fair value on a recurring basis by Black Mountain Home consist of certificates of deposit, investments held by five brokerage firms, and investment property held for sale.

Inventory

Inventory consists of program-related merchandise donated to the thrift store and is valued at fair value.

Property and Equipment

Property and equipment are stated at cost if purchased and at fair value at the date of contribution if donated. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. The capitalization threshold is \$5,000 per item.

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. As restrictions expire, net assets are reclassified to net assets without donor restrictions and are reported on the statement of activities as "Net Assets Released from Restriction."

At times, the organization is named as a beneficiary in various wills, trusts and estates. Wills are inherently revocable and therefore are not recognized on the financial statements. Estates and Trusts are recognized on the financial statements only if they are irrevocable and an estimate of value and timing of distribution has been provided.

Revenue and Revenue Recognition

Revenue is recognized when earned by delivering services. Program services fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively.

In-Kind Contributions

The organization recognizes contributed goods and the use of facilities at estimated fair value on the date of receipt. Contributed services are recognized in the financial statements if they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. When recognized, contributed services are reported at fair value.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain categories of expenses that are attributable to more than one program or supporting function, require management's allocation on a reasonable basis that is consistently applied. The primary allocation basis used by management for personnel expenses and applicable overhead expenses is estimated based on employee time and effort.

Income Taxes/Uncertain Tax Positions

Black Mountain Home is exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code. Under the Code, however, income from certain activities not related to an organization's tax-exempt purpose may be subject to taxation as unrelated business income. Black Mountain Home had no income from unrelated business activities during the 2019-20 fiscal year and was, therefore, not required to file Federal Form 990-T (Exempt Organization Business Income Tax Return). Black Mountain Home believes that it has appropriate support for all tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

New Accounting Pronouncements

The organization has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the organization's financial reporting.

In May 2014, the Financial Accounting Standards Board (FASB) issued amended guidance to clarify the principles for recognizing revenue from contracts with customers ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, as well as other disclosures. The standard was originally effective for annual reporting periods beginning after December 15, 2018. Due to the coronavirus outbreak, the effective date was deferred by one year, however the organization has adopted the new standard for fiscal year ending June 30, 2020 with modified prospective application. Accordingly, the summarized prior period comparative statements for 2019 have not been adjusted. Impacts to the 2019 financial statements from the revenue recognition standards are not considered significant and not required to be adjusted during the transition period.

Summarized Comparative Data

The financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the organization's audited financial statements for the year ended June 30, 2019, from which the summarized information was derived. Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation.

3. Liquidity and Availability

The organization's liquidity management plan is to invest cash in excess of daily requirements in a money market account. Occasionally, the Board may designate a portion of operating surplus to a reserve account.

Financial assets available for general expenditure, within one year of the statement of financial position date, are calculated as shown:

<u>As of June 30:</u>	<u>2020</u>	<u>2019</u>
Financial Assets at year end:		
Cash and Cash Equivalents	\$ 3,005,872	\$ 2,942,225
Contributions Receivable, Current	71,750	75,500
Accounts Receivable	205,926	249,100
Investments	8,736,039	8,885,290
Total Financial Assets	<u>12,019,587</u>	<u>12,152,115</u>
Less amounts not available to be used in one year:		
Investments Held for Long Term Purposes	8,736,039	8,885,290
Less: Budgeted Investment Distribution	<u>(600,000)</u>	<u>(600,000)</u>
Total not available to be used in one year	<u>8,136,039</u>	<u>8,285,290</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,883,548</u>	<u>\$ 3,866,825</u>

Investments held for long term purposes are available for operations in the case additional funds are needed. Black Mountain Home's goal is generally to maintain financial assets to meet 180 days of essential operating expenses (approximately \$2.1 million).

4. Cash and Cash Equivalents

Black Mountain Home's cash and equivalents consists of the following:

<u>As of June 30:</u>	<u>2020</u>	<u>2019</u>
Checking Accounts	\$ 522,123	\$ 372,268
Money Market	2,481,747	2,567,346
Petty Cash	2,002	2,611
Total Cash and Cash Equivalents	<u>\$ 3,005,872</u>	<u>\$ 2,942,225</u>

5. Contributions Receivable

As of June 30, 2020, contributions receivable consists of pledges to the Hope Campaign and from Board members. These amounts are from established donors and management considers balances to be fully collectable and no allowance account has been established. The present value discount has been deemed immaterial and is not considered necessary. Receivable collections by year are expected to be as follows:

<u>Year Ending June 30:</u>	
2021	\$ 71,750
2022	41,000
2023	10,000
Total Contributions Receivable	<u>\$ 122,750</u>

6. Accounts Receivable

Black Mountain Home's accounts receivable are presented below by type. Management has evaluated the receivable balances and believes all amounts are fully collectible.

<u>As of June 30:</u>	2020	2019
Government Contracts and Grants Receivable	\$ 190,664	\$ 231,656
Sales Tax Receivable	15,262	17,444
Total Accounts Receivable	<u>\$ 205,926</u>	<u>\$ 249,100</u>

7. Investments

Black Mountain Home's investments consists of the following:

<u>As of June 30:</u>	2020	2019
Equity Securities	\$ 6,041,526	\$ 6,255,822
Bonds	539,644	554,427
Real Estate and Tangibles	923,512	1,082,394
Money Market Account	521,672	641,812
Certificate of Deposit	643,227	301,643
Other Investments	66,458	49,192
Total Investments	<u>\$ 8,736,039</u>	<u>\$ 8,885,290</u>

Shown below is a summary of the investment activity for the year ended June 30, 2020:

Balance as of June 30, 2019	\$ 8,885,290
Donations Received/Transfers	430,248
Interest and Dividends	182,082
Investment Gains	(122,295)
(Sale of) Investments	(592,189)
Investment Fees	(47,097)
Balance as of June 30, 2020	<u>\$ 8,736,039</u>

8. Investment Property - Held for Sale

Black Mountain Home has a 1/3 ownership stake in three tracts of land located in Buncombe County, North Carolina which they received as a bequest in a prior year. In the prior year, a portion of the land was sold, and the organization received \$93,103 and recognized a gain of \$23,373. The value of the remaining properties is \$41,425 and is presented as a long-term asset in the Statement of Financial Position. Management has reviewed the valuation and deemed no adjustment is necessary.

9. Property and Equipment

Black Mountain Home's property and equipment, stated at original cost value, are summarized below (see next page):

<u>As of June 30:</u>	<u>2020</u>	<u>2019</u>
Campus and Land	\$ 1,014,997	\$ 1,007,630
Buildings	11,128,969	8,161,848
Furniture and Equipment	614,124	512,625
Vehicles	735,481	681,140
Land Improvements and Infrastructure	1,286,182	1,096,182
Leasehold Improvements - West Campus	173,121	173,121
Construction In Progress	-	1,726,410
Less: Accumulated Depreciation	(6,380,972)	(6,015,942)
Total Property and Equipment, Net	<u>\$ 8,571,902</u>	<u>\$ 7,343,014</u>

Depreciation expense was \$433,688 and \$376,274 for the years ended June 30, 2020 and 2019, respectively.

10. Note Payable (PPP Loan)

On June 19, 2020, the organization received a Paycheck Protection Program (PPP) loan in the amount of \$646,900. This loan is potentially forgivable if the organization meets certain criteria. The loan has an interest rate of 1% and is due within five years from the date of origination and there is no penalty for early payment. There are no collateral nor personal guarantees associated with this loan.

11. Net Assets Without Donor Restrictions

Net assets without donor restrictions totaled \$18,102,040 and \$17,190,403 as of June 30, 2020 and June 30, 2019, respectively. Black Mountain Home has established Board Designated Funds to ensure the long-term financial stability of the organization. The Board Designated Balances are detailed as follows:

<u>As of June 30</u>	<u>2020</u>	<u>2019</u>
Hope Campaign	\$ 236,090	\$ 236,090
Independent Living Village	595,033	594,572
Second Century of Caring	110,575	109,320
Total Board Designated Net Assets	<u>\$ 941,698</u>	<u>\$ 939,982</u>

12. Net Assets With Donor Restrictions

Black Mountain Home receives numerous contributions and grants that are restricted by the donors/grantors for a particular purpose within the organization's overall mission. Temporarily restricted net asset balances are for the following programs:

<u>As of June 30:</u>	<u>2020</u>	<u>2019</u>
Higher Education	\$ 1,362,810	\$ 1,251,064
Hope Campaign	240,037	716,340
Independent Living Village	129,157	111,389
Other	147,357	190,145
Perpetually Restricted	42,316	42,316
Total Net Assets With Donor Restrictions	<u>\$ 1,921,677</u>	<u>\$ 2,311,254</u>

Perpetually restricted net assets of \$42,316 are held in the organization's investment account. The earned income is available to help support higher education.

13. Lease Commitments

In May 2016, Black Mountain Home entered a lease agreement with the State of North Carolina for the Swannanoa 4-H Center. The term of the lease is for 60 years with an annual rent payment of \$6,000.

14. Thrift Store Inventory

In October 2019, Black Mountain Home opened for operations a thrift store selling donated items. Inventory consists of thrift store items held for sale. Total inventory balance was \$169,967 and \$31,748 as of June 30, 2020 and 2019, respectively.

15. Thrift Store and Café Activity

In October 2019, Black Mountain Home opened a Thrift Store and Thirteen Pennies Café to meet the organization's goal of providing paid internships for older youth and young adults that live in their care through the Black Mountain Home's Apprenticeship program. The organization incurred startup cost during the beginning of the year and had to close the thrift store and café for a portion of the year to mitigate the impact and spread of the coronavirus. Store income and expenses are presented in the accompanying supplementary schedule of thrift store and café activities.

16. In-Kind Contributions

Black Mountain Home recognizes in-kind contribution revenue for contributed goods, services and facilities related to its programs and operations. In kind contributions were recognized for the following:

<u>As of June 30:</u>	<u>2020</u>	<u>2019</u>
Supplies and Household Goods Utilized	\$ 31,057	\$ 24,681
Thrift Store Inventory	138,219	31,748
Vehicles	30,326	9,700
Total In Kind Contributions	<u>\$ 199,602</u>	<u>\$ 66,129</u>

Donated property and equipment totaling \$\$1,149,671 consists of construction costs incurred by the general and grading contractors on the project. These contractors donated either all or a portion of their services instead of invoicing for the services provided.

17. Volunteer Services

Black Mountain Home makes extensive use of volunteers to carry out its programs. For the audit period, volunteers contributed 18,473 hours, with a total value of \$469,777 based on a rate of \$24.69 per hour, as determined by the organization Independent Sector. The services contributed by volunteers did not meet the requirements of U.S. GAAP for recognition in the financial statements.

18. Trusts Benefiting Black Mountain Home

During 1998, a donor established the Laycock Remainder Trust naming Black Mountain Home as beneficiary. At the end of the Trust's term, a portion of the assets will be available for Black Mountain Home.

Black Mountain Home is the beneficiary of three independently managed trusts. The trusts were established by a donor as an endowment to benefit Black Mountain Home. In the year ended June 30, 2020, Black Mountain Home received a distribution of \$57,150 from the trusts. All of the funds received are restricted for use in providing higher education for residents and past residents of Black Mountain Home.

19. Retirement Expense

In March 2000, Black Mountain Home established a 401(k) plan for its employees. Black Mountain Home contributes 8% of each employee's salary and will match contributions up to 2% after one year of employment. Black Mountain Home contributed \$181,493 and \$144,219 to its 401(k) plan for the years ended June 30, 2020 and 2019, respectively.

Black Mountain Home purchased a flexible premium life insurance policy for the President in the amount of \$200,000. This policy provides for a basic death benefit, terminal illness accelerated benefit and a long-term care accelerated benefit. Premiums paid for this policy total \$30,000 each of the years ended June 30, 2020 and 2019, respectively.

20. Fair Value Measurements

Fair values of assets measured on a recurring basis as of June 30, 2020 are as follows:

	Fair Value	Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
Equity Securities	\$ 6,041,526	\$ 6,041,526	\$ -	\$ -
Bonds	539,644	539,644	-	-
Real Estate & Tangibles	923,512	923,512	-	-
Money Market Account	521,672	521,672	-	-
Certificate of Deposit	643,227	643,227	-	-
Other Investments	66,458	-	66,458	-
Contributions Receivable	122,750	-	-	122,750
Investment Property				
Held for Sale	41,425	-	-	41,425
Total	<u>\$ 8,900,214</u>	<u>\$ 8,669,581</u>	<u>\$ 66,458</u>	<u>\$ 164,175</u>

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets.

Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets.

Financial assets valued using Level 3 inputs are based on unobservable inputs. Multi-year pledge receivables are discounted to present value and the allowance for collectability is adjusted based on management review.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

Assets measured at fair value on a recurring basis using significant unobservable inputs (considered to be Level 3 financial assets):

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	
	Contributions Receivable	Property Held for Sale
July 1, 2019	\$ 188,000	\$ 41,425
Additional Contributions Receivable	1,000	-
Contribution Receivable Payments	(66,250)	-
June 30, 2020	<u>\$ 122,750</u>	<u>\$ 41,425</u>

21. Subsequent Events

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the effects of the global situation on the Organization's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial conditions, or liquidity for the fiscal year 2021.

Subsequent events have been evaluated through December 2, 2020, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**Black Mountain Home for
Children, Youth & Families, Inc.**

Schedule of Thrift Store and Café Activities

Year Ended June 30, 2020

	Thrift Store	Café
Revenue		
Gross Sales	\$ 314,285	\$ 73,488
Less: Cost of Goods Sold	-	(36,808)
Total Gross Profit	314,285	36,680
Expenses		
Salaries	128,017	77,452
Payroll Taxes	9,721	5,923
Employee Benefits	51,830	23,675
Administration Support	28,006	4,318
Contract Services	20,298	8,427
Equipment and Improvements	44,108	8,516
Other Expenses	2,285	816
Transportation	2,530	-
Total Expenses	286,795	129,127
Net Income/(Loss) before Depreciation (Note 15)	\$ 27,490	\$ (92,447)

See accompanying notes to the financial statements.